
APPROVED:

DATE:

Procedure 5-04
PRELIMINARY SURVEY AND MEMORANDUM

Purpose: To ensure compliance with GAS planning standards.

PRELIMINARY SURVEY(Milestone #M-09)

SECTION #1

Purpose

To gather historical, organizational and financial information that will help to familiarize the auditor regarding the audit subject, provide the background data for the audit report, and facilitate subsequent risk assessment and testing procedures.

Background

The preliminary survey is essentially the planning for the risk assessment and audit fieldwork phases of the audit. During the preliminary survey, the audit staff should:

- a. Consider significance and the needs of potential users of the audit report;
- b. Obtain an understanding of the program to be audited;
- c. Consider legal and regulatory requirements;
- d. Identify criteria needed to evaluate matters subject to audit;
- e. Identify significant findings and recommendations from previous audits that could affect the current audit objectives;
- f. Identify potential sources of data that could be used as audit evidence and consider the validity and reliability of these data, including data collected by the audited entity, data generated by the auditors, or data provided by third parties;
- g. Determine whether computer-processed data is an important or integral part of the program or activity being audited; and
- h. Consider whether the work of other auditors and experts may be used to satisfy some of the audit objectives.

Procedure

Audit Staff	1. Prepare the City Auditor's Preliminary Survey Sample Audit Program and Results (APR)using Form No. 5-04A .
	2. Modify the APR as necessary to accommodate the needs of the current audit assignment.
Supervising Auditor and City Auditor	3. Review and approve the Preliminary Survey APR.
Audit Staff	4. File the Preliminary Survey APR in the Audit Administration Section A of the workpapers.
	5. As the audit progresses, update the APR

Section 2 PRELIMINARY SURVEY MEMORANDUM (Milestone #M-10)

Purpose

To summarize the information gathered during the preliminary survey and start finding development sheets for any potential findings resulting from preliminary survey work.

Background

The Preliminary Survey Memorandum should include the following information:

- Information about the legal authority for the audited organization, program, activity or function;
- A brief history or profile of the program, including the current mission statement and objectives;
- A summary of important facts, key personnel, contracts, facilities, locations, computer systems or databases, processes, and related laws and regulations; and
- A definition of terms.

Procedure

Audit Staff	<ol style="list-style-type: none">1. Upon completion of the preliminary survey fieldwork, prepare a Preliminary Survey Memorandum (See example of a preliminary survey memorandum in 5-04E-1).2. Prepare preliminary Finding Development Sheets. (See Procedure No. 5-07, Section 1)3. Submit the preliminary Finding Development Sheets to the Supervising Auditor and the City Auditor.4. At the next biweekly meeting, discuss the preliminary findings, or the lack thereof, with the City Auditor to assess whether to revise or expand the audit scope, or to drop the audit.
Supervising Auditor and City Auditor	<ol style="list-style-type: none">5. Review and approve the Preliminary Survey Memorandum and the preliminary Finding Development Sheets.6. Determine the need for an in-house specialist or an outside consultant to provide technical assistance in specialized areas.
Audit staff	<ol style="list-style-type: none">7. File the Preliminary Survey Memorandum and the preliminary Finding Development Sheets in Audit Administration Section A of the workpapers.